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UCLA Faculty Association

News and opinion from Dan Mitchell since 2009

Wednesday, May 21, 2025

Lots of cash now but maybe not in the future - Part 2

We have been noting the paradox of the state having lots of cash on hand in various funds and yet also having a budget squeeze that notably is affecting UC.

Jason Sisney of the Legislative Analyst's Office (LAO) has a lengthy piece in his Substack blog on this paradox. In essence, despite the squeeze, we are not likely to have an experience similar to what occurred in the Great Recession of 2008 when the issue was whether the state could pay its bills. That kind of experience was the result of having little cash with which to adjust. That is not the case now: [Excerpts]

During the administration of Governor Gavin Newsom, California's state treasury liquidity—loosely what one can think of as the state government's "cash position" or "cash on hand"—has improved dramatically. On April 30, 2018, the year before he took office as chief executive, unused and available balances in state government funds totaled $35 billion. On April 30, 2025, these balances totaled more than $111 billion. (These state government balances do not include state and local pension fund holdings —for example, those of CalPERS and CalSTRS.) California's current cash on hand is among the strongest for any subnational government's operating funds ever...

...The 2008-2009 cash crisis precipitated some of the hardest decisions of the dreadful 2009 state budget cycle, such as the bond funding freeze. Without warning, these big funding streams counted on by contractors, local governments, and non-governmental organizations were abruptly cut off. There was no rainy day fund, and there was a dwindling supply of state cash that had to be preserved to make sure bond debt service and state payroll were paid each month.

Bond debt service is contractually obligated, but also essential to pay on time since borrowing from the bond markets can be a key tool for managing a period of public budget distress. Bond market trust is essential for public budgeting. Salaries have to be paid on time for most state workers to keep basic state services going and avoiding large late payment penalties under labor laws.

In the years after the cash and budget crises of the Schwarzenegger years, Governor Brown and the Legislature benefited from a growing economy and stock market. They worked diligently to improve the state's financial health, advocated voter approval of Assembly Speaker John Pérez's rainy day fund proposal (ACAX2 1 of 2014), and changed to a more conservative manner of state budgeting that emphasized multiyear forecasting and used portions of projected surpluses for one-time spending, not just ongoing commitments and restorations. In August 2019, Legislative Analyst Gabe Petek wrote about the "quiet transformation of California's cash management" over the prior decade. In December 2018, marking the tenth anniversary of the state's cash crisis, his office released a report noting "the state has made undeniable progress" that "few could have predicted" a decade before.

The COVID pandemic seemed to threaten that progress, but federal fiscal and monetary stimulus produced instead a boom of sorts for the economy and state budget that brought new opportunities and challenges.

...Every time that the budget has a projected deficit, Governors and legislators agree to use balances from outside the General Fund—principally from the state's "special funds"—to help balance the budget. This is one way to temporarily delay more difficult budget actions, such as program cuts or tax increases. It is a very important way that the state's strong cash position helps address projected deficits.

California case law gives the Legislature broad authority to loan available special fund balances to the General Fund to help address projected deficits. Special funds typically receive money from fees, such as user fees or license charges, dedicated to a specific state department's services to the public. Courts have given the Legislature significant flexibility to decide when special funds lend money to the General Fund and when and how the loans are paid back.

...So, if the state's cash position is so strong, why are such difficult budget cuts and even some tax increases needed now? Basically, it comes down to this: an ongoing imbalance of revenues and expenditures eventually would consume all the cash. Cash cannot balance the budget over a long period.

...In the end, revenues and expenditures of the state will always differ from the projection, and the decision of how much or how little to balance the budget now from non-recurring sources like cash balances is a subjective one.

The Council of UC Faculty Associations

- Objection to AB 1217, AB 684, and AB 500 – Protecting UC's Institutional Autonomy
- Delay the UC cybersecurity mandate
- Our Letter of Support for SB-829
- Concerns Regarding UCOP Cybersecurity Mandate
- CUCFA and AFT call upon UC to immediately address Student Visa Revocations

Remaking the University

- Betrayed: UC Is About to Make $267 Million in Unnecessary Budget Cuts, Harming Instruction and Undermining Goodwill with the State Legislature and Governor (Guest Post) - 5/30/2025
- Liner Note 26. the University of California's Fiscal Crisis - 5/17/2025
- Liner Note 25. The Next 100 Days: Don't Make the Trump Damage Worse - 5/14/2025

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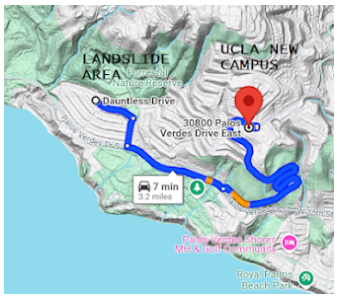
But, having big cash balances in the state treasury: it's much better than having small cash balances. California has learned that lesson over the last two decades.

Full story at https://jasonsisney.substack.com/p/deficitsand-a-strong-cash-position.

Posted by California Policy Issues at 3:35 AM No comments:

Labels: governor, LAO, legislature, politics, UC budget crisis

Cuts and Slides



From the LA Times: *For the last 18 months, the city of Rancho Palos Verdes has been struggling to address a worsening local emergency — the dramatic expansion of an ancient landslide zone that has torn homes apart, buckled roadways and halted utility services. Triggered by a succession of heavy winter rains in 2023 and 2024, the ongoing land movement has upended the lives of residents and cast the city into financial uncertainty. Without significant outside aid, officials say they expect to spend about $37 million this fiscal year on emergency landslide mitigation — a sum nearly equal to the city's annual operating budget.*

Now, to make matters worse, the Trump administration has announced that it will cease funding the Federal Emergency Management Agency's Building Resilient Infrastructure and Communities grants — a major pot of money the city hoped to use to finance a long-term prevention and stabilization plan...

Full story at https://www.latimes.com/california/story/2025-05-15/trump-cuts-imperil-rancho-palos-verdes-landslide-recovery.

Posted by California Policy Issues at 3:20 AM No comments:

For the Record - Two Statements

In a prior post, we noted that two statements were up for a vote at the Legislative Assembly.* Below are the results:

Statement from the Academic Council, "The Defense of the University"

Legislative Assembly members voted via the Academic Senate Data Management System on the statement from the Academic Council, "The Defense of the University." The Legislative Assembly received a total of 109 votes cast: 106 Approve, 3 Oppose. A majority of votes cast (97%) were to Approve this Statement.

Statement from Big Ten Academic Alliance, "Statement in Support of the Core Mission and Values of Higher Education in the United States of America"

Legislative Assembly members voted via the Academic Senate Data Management System on the Statement from the Big Ten Academic Alliance, "Statement in Support of the Core Mission and Values of Higher Education in the United States of America." The Legislative Assembly received a total of 108 votes cast: 103 Approve, 5 Oppose. A majority of votes cast (95%) were to Approve this Statement.

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*https://uclafacultyassociation.blogspot.com/2025/05/two-statements.html.

Posted by California Policy Issues at 3:15 AM No comments:

Labels: politics, UCLA

Tuesday, May 20, 2025

Today, May 20, 2025 – Emeriti/Retirees Arts and Crafts Exhibit

Tuesday, May 20, 2025 – Emeriti/Retirees Arts and Crafts Exhibit

The 2025 Sylvia Winstein UCLA Emeriti/Retirees Arts & Crafts Exhibit shows works from twenty-nine (29) emeriti and retiree artists. Their works include a wide range of media from painting, drawing, calligraphy, and sculpture to photography, ceramics, jewelry, weaving, and jigsaw puzzle making.

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Contributors

- California Policy Issues
- Toby Higbie
- UCLA Faculty Association

This year's Featured Artists are Neil Parker, a photographer artist from the Emeriti Association and Gerald Jackson, a mixed media and collage artist from the Retiree Association.

The 2023 Arts & Crafts Exhibit

Tuesday, May 20, 2025
UCLA Sylvia Winstein Emeriti/Retirees Arts & Crafts Exhibit
University Club (formerly Faculty Club), Morrison Room
11 am – 4 pm

Kati Radics, Chair, UCLA Joint Arts and Crafts Exhibit Committee

Source: https://emeriti.errc.ucla.edu/events/emeriti-arts-and-crafts-exhibits.

Posted by California Policy Issues at 8:36 AM No comments:

Labels: faculty center, UCLA

Will Harvard Continue to Lead the Charge? - Part 7

From the NY Times: *Linda McMahon, the country's top education official, wants to reopen talks with Harvard University, but offered little indication that the Trump administration would consider changing its aggressive tactics to ease the standoff with the university. Instead, she noted that U.S. officials have more ways to pressure Harvard to submit to President Trump's agenda, and she blamed the university's lawsuit against the administration for stifling talks.*

"It's a little bit hard to have open negotiations when we've got a lawsuit pending," Ms. McMahon said in an interview on Friday. "When you're sitting and talking, do you have to have all your lawyers present, do all those things to make sure you're not compromising the lawsuit? That's kind of stuff I'd have to have the lawyers respond to as well."

Ms. McMahon repeatedly said she would like to return to negotiations with Harvard. Still, she declined to describe what more she would like to see from university officials for at least a brief détente. The two sides have been locked in an increasingly aggressive and litigious battle over Mr. Trump's persistence in trying to bend the school to his will by threatening to pull all $9 billion it receives in federal funding without significant changes to its admissions, curriculum and hiring practices...

Full story at https://www.nytimes.com/2025/05/17/us/politics/linda-mcmahon-harvard-trump.html.

Posted by California Policy Issues at 3:30 AM No comments:

Cans of Worms from the Legislature

There are several bills floating around in the legislature that seem to reflect grumbles about controversial elements of UC undergraduate admissions.

One controversial issue relates to the degree to which courses in "data science" can substitute for algebra. Another deals with requiring ethnic studies - and what can be included in such courses - as part of the A-G requirements for undergraduate admissions. However, these issues are not directly confronted in the bills which instead seem to create procedural hurdles in UC decisions regarding admissions requirements.

AB500 would require that the UC student government and the State Board of Education play some role in changes of admissions requirements.

AB684 would make BOARS (Board of Admissions and Relations with Schools), a committee of the Academic Senate, subject to the same kind of open meetings requirements that regular meetings of the Regents are required to meet.

AB1217 also puts the State Board of Education into decisions on UC admissions requirements.

CSU is also enmeshed in these bills. AB1217 "requests" UC to comply rather than requires it to comply. Presumably the request format addressed to UC is a reflection of the constitutional autonomy the Regents are supposed to have.

The bills are at:
https://legiscan.com/CA/text/AB500/2025, https://legiscan.com/CA/text/AB684/2025, and https://legiscan.com/CA/text/AB1217/2025.

Note that as long as its hard to get into UC and parents complain to their representatives, there will be bills and pressures dealing with admissions. Many bills introduced in the legislature ultimately are not enacted.

Posted by California Policy Issues at 3:20 AM No comments:

Labels: admissions, CSU, legislature, politics, UC

Monday, May 19, 2025

Will Harvard Continue to Leading the Charge? - Part 6

From the NY Times: *The Trump administration is investigating whether Harvard's admissions policies comply with a Supreme Court ruling that ended affirmative action, opening a new front in its widening effort to bring the institution to heel. In a letter on Monday, the Justice Department notified Harvard about an investigation into whether its admissions process had been used to defraud the government. The inquiry was opened under the False Claims Act, a law designed to punish those who swindle the government, according to the letter, which was reviewed by The New York Times.*

The investigation adds to the mounting pressure on the nation's oldest, wealthiest university to overhaul its admissions, curriculum and hiring practices to align with President Trump's political agenda. The Education Department also informed Harvard earlier this month that its admissions policies were the subject of a new compliance review to determine whether the university was racially discriminating against undergraduate applicants, according to a letter from the agency that was also seen by The Times. The compliance review and the Justice Department investigation have not been previously reported. Targeting a university under the False Claims Act is highly unusual, reflecting the administration's increasingly aggressive tactics...

Harvard has basked in acclaim from White House critics for fighting back so far. After Mr. Trump threatened the school's federal funding, Harvard sued the administration, and legal experts said the university has a strong case. But behind closed doors, several senior officials at Harvard and on its top governing board have acknowledged they are in an untenable crisis. Even if Harvard quickly wins in court, they have determined, the school will still face wide-ranging funding problems and continuing investigations by the administration. Some university officials even fear that the range of civil investigations could turn into full-blown criminal inquiries...

Full story at https://www.nytimes.com/2025/05/15/us/politics/harvard-justice-dept-investigation.html.

Posted by California Policy Issues at 3:35 AM No comments:

Labels: Harvard, politics

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